



Performance Management

Bonus Plan Communication

2007 Bonus Plans Approval:

- Board approval of plans and metrics
- LAL/LAS bonus plan
- Consider changing time of payout to mid-April
 - Allows for audit to be reviewed and approved by the Board without impacting the communication and delivery of reviews and salary increases.

2008 Bonus Plans: Future meeting to discuss

- Proposed changes to bonus targets
- Timing for review and approval
- Communication of 2008 Bonus Plans to Managers and Participants
- Inclusion of bonus plan information in offer letters
 - Ensure legal review and compliance of language used

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Appendices

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2007 Actual Merit and Callout Spend

2007 Pay For Performance			
Organization	Merit Spend	Callout Spend	Overall Spend
Chairman's Office	4.8%	0.0%	4.8%
President's Office	4.3%	0.8%	5.1%
Lucasfilm	3.8%	1.5%	5.3%
LECL	3.5%	2.8%	6.3%
LREH	3.4%	2.4%	5.8%
Lucasfilm Animation	3.7%	1.3%	5.0%
LucasArts	3.2%	2.9%	6.1%
ILM	3.9%	3.3%	7.2%
Skywalker Sound	3.8%	1.1%	4.9%
Overall	3.6%	2.5%	6.1%
Budgeted	4.0%	1.0%	5.0%

Salary Changes 4/4/07-present

Number	Avg % Increase	Cost	% of Salary Budget
81 - current employees	10.0%	\$713,425	1.1%

Note: Additional 1%-2% for key and high risk employees/groups

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Market Study
Review of Past Practices

		Lucasfilm		LECL		Lucas Animation		Lucas Arts		ILM		Sky Sound	
Year		Merit	Callouts	Merit	Callouts	Merit	Callouts	Merit	Callouts	Merit	Callouts	Merit	Callouts
January 2007	Planned	4.0%	1.0%	4.0%	1.0%	4.0%	1.0%	4.0%	1.0%	4.0%	1.0%	4.0%	1.0%
	Actual	3.9%	1.4%	3.5%	2.8%	3.7%	1.3%	3.2%	2.9%	3.9%	3.3%	3.8%	1.1%
January 2006	Planned	4.0%	-	4.0%	-	4.0%	-	4.0%	-	3.0%	-	3.0%	-
	Actual	3.0%	0.9%	2.5%	1.3%	1.7%	3.0%	2.8%	4.2%	2.0%	1.2%	2.1%	0.7%
July 2005		4.0% Without Callouts						4.0% Without Callouts		3.0% Without Callouts			
July 2004		3.5% Without Callouts						3.5% Without Callouts		3.0% Without Callouts			
July 2003		3.5% Budget						3% Company Wide		3% Non-Union			
July 2002		3.92% Company Wide						7% Studio 5% Sales, Mktg, & Admn		5% Non-Union			
July 2001		6.83% Company Wide						7% Studio 5% Sales, Mktg, & Admn		5% Non-Union			
July 2000		5.5% Company Wide						13% Studio 6% Sales, Mktg, & Admn		5% Non-Union			
July 1999		5.73% Company Wide						8% Company Wide		5% Non-Union			

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